

AGN. NO.

MOTION BY SUPERVISOR GLORIA MOLINA

May 20, 2014

Twelve cities in Los Angeles County enacted pension tax levies in the 1940s and 1950s to pay for city employee pension obligations. Voters in these cities approved these pension tax levies by either approving a specific pension tax levy rate or by approving the authority for the city's legislative body to set the pension tax levy. Several other cities and at least one county in the State have similar voter-approved pension tax levies.

The dissolution of redevelopment agencies, which mandates that property tax increment generated in former redevelopment project areas be deposited in the Redevelopment Property Tax Trust Fund (RPTTF), has resulted in tax increment generated by the pension tax levies being distributed to taxing entities as "residual" property tax revenue rather than being retained by the affected cities for the original intended purpose. There is no ability to distinguish the tax increment generated by the pension tax levy or for the city to set it aside for its pension obligations before tax increment funds are deposited into the RPTTF.

MOTION

Molina \_\_\_\_\_

Ridley-Thomas \_\_\_\_\_

Yaroslavsky \_\_\_\_\_

Antonovich \_\_\_\_\_

Knabe \_\_\_\_\_

Several cities have expressed concern that these tax revenues are being diverted from their voter-mandated use and are instead being allocated to other taxing entities, even though it seems to run afoul of common sense and voter intent.

The state Department of Finance has indicated that it is considering trailer bill language to address and remedy this situation by clarifying that the tax increment generated by pension taxes levied, in addition to the general property tax, should be distributed to the city that levied the tax for its voter-approved purpose.

I, THEREFORE, MOVE that the Board of Supervisors direct our Sacramento Advocates to support Administrative and/or Legislative proposals to direct that the tax increment generated by pension taxes levied in addition to the general property tax rate be retained by the city that levied the pension tax.

GH/bp